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# CITY OF OAKLAND



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Office of Economic Development  
and Employment

August 9, 1978

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To: ALL CITIZENS, COMMUNITY ORGANIZATIONS,  
AND MEMBERS OF BUSINESS COMMUNITY

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The City of Oakland has been invited by the U.S. Economic Development Administration (EDA) to prepare an Overall Economic Development Program (OEDP) in order to make the City eligible to receive funds from EDA. The OEDP is a three to five year plan stating the City's goals for economic development and describing a strategy for accomplishing those goals.

In order to oversee the preparation of this document, Mayor Lionel J. Wilson has appointed an OEDP Committee. In order to provide citizens with an opportunity to participate fully in development of the strategy for the OEDP, the Committee will hold two public hearings, the first of which will take place on:

Monday, August 21, 1978 6:00 p.m.  
West Oakland Public Library  
1801 Adeline Street

The Committee <sup>ation to</sup> invites all interested citizens, businesses, and community organizations to provide their suggestions and comments for the growth and development of Oakland over the next five years. The Committee is especially interested in receiving suggestions on: 1) major program areas in which economic development projects might be developed, such as "neighborhood commercial revitalization", "tourism", "employment training" or "industrial retention", and links among these program areas; 2) criteria by which projects should be evaluated, such as "increasing jobs available to Oakland residents", or "providing opportunities for community equity participation"; and 3) specific project proposals.

Three documents are attached to this letter to assist you in preparing your comments to the Committee. The first is an EDA document explaining specific requirements for the OEDP document. The second is "A Draft Five Year Economic Development Strategy", a document which the Committee intends to use as a starting point for discussion on an economic development strategy for Oakland. Although many changes have occurred in economic development in Oakland since this "draft strategy" was prepared, and much of it is now out of date, it is nevertheless being mailed to you as an example of the kind of strategy document the OEDP Committee will be preparing. The third document summarizes some goals for economic development that might be included in the development strategy.

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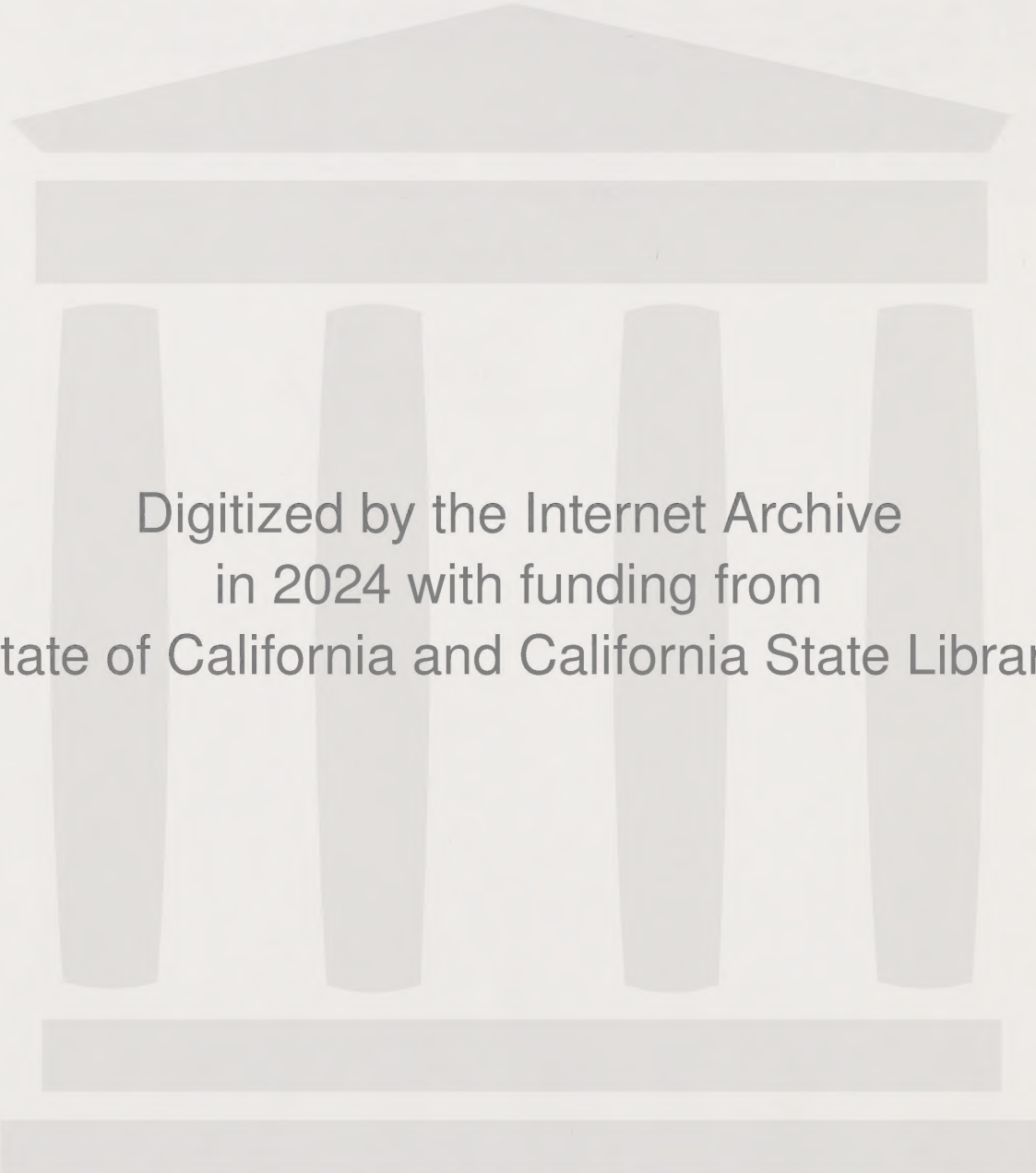
The EDA deadline makes the time for preparation of the development strategy extremely short. After receiving your suggestions on August 21, the Committee will prepare a draft of the Development Strategy. Another public hearing will be held in early October to obtain comments on the completed draft.

Anyone wishing additional information should contact the Office of Economic Development and Employment in the Wells Fargo Building, 1333 Broadway, Suite 450 or call 273-3692.

I greatly appreciate your participation at the public hearing and look forward to this important opportunity for us all to develop a strategy to ensure Oakland's future economic health.

Sincerely,

*Cora M. Tellez*  
CORA M. TELLEZ  
Asst. Director



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A DRAFT

FIVE YEAR ECONOMIC DEVELOPMENT STRATEGY

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For consideration by:

City of Oakland  
Overall Economic Development Program Committee





## I. INTRODUCTION

This document is a first draft of a comprehensive five year economic development strategy for Oakland. This proposal is designed to stimulate continuing discussion by the Overall Economic Development Program Committee and citizens of Oakland leading to the development and adoption of an Overall Economic Development Program (OEDP)/Development Strategy within the next several months.

Such a strategy is essential if Oakland is to effectively integrate local resources, both public and private, with expanding federal and state programs to achieve our goals of economic and employment development. The economic development strategy to come out of revisions to this report will provide a clear, concise statement of City actions for the coming five years which will greatly facilitate the active involvement and support of community groups, local businesses and labor organizations, other potential private investors, and federal and state development officials in Oakland's development. Additionally, the OEDP document is a requirement for future EDA funding for economic development activities.

This draft is the first step in preparing the Development Strategy portion of the OEDP. It is intended to be used as a working document which forms the basis for integrating strategies and programs into a consistent and comprehensive vision of Oakland's future economic growth and development. This document does not address goals for economic development and criteria for evaluating economic development projects and proposals; nor does it discuss all the areas in which economic development activities should be undertaken to bring desired goals into reality. A final Development Strategy will address these concerns, based upon suggestions received at the public hearings.





This draft development strategy contains recommendations for coordinated City action in five program areas: neighborhood commercial revitalization, downtown development, industrial development, financial assistance to individual firms, and business support activities to stimulate investment and employment. Within each program area the draft strategy outlines some of the specific projects and activities that might be implemented over the coming five years. Many of these projects and activities are not new. Rather, they have been developed over the past several years as separate elements of various City economic and employment development programs. Many projects and proposals that have recently been discussed are not included in this draft, but will be incorporated as the Committee's discussions proceed.

Expanding and refining this draft strategy into a relevant and flexible document which will accurately reflect the City's needs and priorities will require the concerted efforts of the OEDP Committee, City staff, and the community, business and labor groups. Major program activities will be added and projects and proposals woven into strategies for development. Goals for economic development will be stated and criteria for evaluation of on-going economic development projects will be included. Additional issues on the future of Oakland's economy will also be addressed.

Part II of this draft provides summary descriptions of the specific projects and activities within six major program areas for the next five years. Many changes in strategies and projects have occurred since that time. However, the draft does provide an initial framework for anticipating the kinds of activities and strategies that might go into a Development Strategy document, and is intended to initiate discussions on that Development Strategy.



## II. PROJECT DESCRIPTIONS

### A. NEIGHBORHOOD REVITALIZATION

I have pledged my continued support to the revitalization of Oakland's neighborhoods, and in doing so, I am making this program a top priority for the City's five year economic development strategy. Oakland's Neighborhood Commercial Revitalization program should consist of four major components. These elements are: neighborhood economic profiles, commercial facility rehabilitation, expansion loan assistance, and technical and management services. Each of these programs is summarized below.

Neighborhood Economic Profiles. In order to provide an adequate framework upon which to build the revitalization of Oakland's neighborhoods, the City of Oakland must develop reliable economic profiles of the city's commercial neighborhoods. These profiles will assist local businesses assess the vitality of their commercial area and will include a detailed evaluation of projected changes in the demographic and economic characteristics of the neighborhoods surrounding each commercial area. The analysis will evaluate the economic stability of the neighborhood and work to dispel the misconceived notion that our city's neighborhood businesses are not sound investments. Where real weaknesses are identified, the City will develop specific programs to strengthen the neighborhood residential as well as commercial opportunities.

Our neighborhoods are surviving, but they can be strengthened through dynamic new initiatives in this area.

Commercial Rehabilitation. In addition to analyzing trends and stability factors in Oakland's commercial areas, the City will also undertake an extensive rehabilitation program for targeted commercial districts. This program might best be funded through the regular CETA job creation program and the Community Development Block Grant program, to provide needed public improvements as well as financial assistance to commercial





business ventures which require aid in renovating the interior and exterior of their buildings.

Expansion Loan Assistance Program. In addition to providing commercial rehabilitation assistance, the City of Oakland's commercial district revitalization program will include expansion loan assistance to small and medium size retail and service firms. This assistance will come in the form of loans and loan guarantees to provide working capital and security for commercial ventures in targeted areas of the city. This assistance will come from the State of California, the Small Business Administration, and loan packaging assistance services which will be provided by the City of Oakland. Some of the elements which could be included in this program involve the State of California in two new loan programs for small and minority businesses which have recently been authorized by the State of California. These new programs include the "Loan/Loss Reserve Fund" and deposit accounts for state funds in lending institutions which provide expansion loans to small and minority businesses.

The other element in providing expansion loan assistance for small businesses in neighborhood commercial areas involves the use of local development companies and the 502 loan program from the Small Business Administration. This program is discussed in more detail in a later section of the report.

Technical and Management Assistance. In addition to providing capital and financing for commercial revitalization in the city, the City of Oakland will also provide management and technical assistance to small and medium size firms which are considering expansion or relocation in Oakland. This assistance will be directed through the City's economic development program, to provide accounting, management,





loan packaging, marketing, inventory management, and employee development seminars for small businesses in the city.

B. DOWNTOWN REVITALIZATION

Four major development projects must be carefully programmed for implementation over the coming five years: the Oakland Convention Center and City Center Hotel; Victorian Row; Hong Kong USA; and the completion of City Center Regional Shopping Mall. A general summary of each of these projects is provided below.

Convention Center/City Center Hotel. Current cost projections for the proposed Convention Center and City Center Hotel in downtown Oakland suggest a total public investment in the range of \$32 million for the Convention Center, and an investment of \$23 million by the private sector for the City Center Hotel. The hotel will, however, be partially supported by the public sector through a long term, low interest, deferred repayment loan which will total \$5 million.

This project is feasible through the joint cooperation of the U.S. Department of Housing and Urban Development's Urban Development Action Grant program (UDAG), the U.S. Economic Development Administration, and the City of Oakland. The proposals for the funding of the Convention Center call for federal participation through the UDAG program of \$10.6 million and additional support for the construction of the underground garage of \$7.2 million.

The financing for the City Center hotel will include \$5 million in a long term loan to the developers from the City of Oakland. The City proposes to obtain these funds from a grant from UDAG, and to establish a revolving loan fund for the principal and interest on the \$5 million which will be repayed by the developers of the hotel over a twenty-five year period. This total revolving loan fund of over \$12 million accrued from principal and interest payment on the \$5 million



hotel loan, will be used to assist small and medium size businesses in Oakland through direct and indirect expansion loan assistance.

Because of the important catalytic effect that this project will have on the other downtown developments outlined below, it is imperative that the Convention Center/Hotel be programmed for immediate implementation. This project will require roughly four years to complete.

Victorian Row. Victorian Row is a commercial and office building rehabilitation program which is immediately adjacent to the proposed Convention Center. This project will rehabilitate four square blocks of historic commercial buildings to provide space for new office and commercial enterprises. The project will utilize tax increment funds to reduce the costs of real property acquisition and resale to the developer of the project. The net public cost for the project will be \$1.1 million and the expected total private investment for the project is \$12 million.

The timetable for this project, beginning in 1978, will include a multi-phased approach over the coming several years. It is expected that the developer can substantially decrease the expected timeframe for the project if additional clients and office tenants are identified and can be encouraged to move into the newly rehabilitated facilities. This project, and its expeditious completion, are closely linked to the construction of the Convention Center and the related developments in City Center and the Hong Kong USA.

Hong Kong USA. Hong Kong USA is a major four square block new construction project which will dramatically improve the physical and fiscal environment for Oakland's Chinatown. The project, which will be developed in seven phases, will contain 1,800,000 square feet of retail, office, and commercial space, including a 625 room first class hotel. The various elements of the project will be tied together by





pedestrian walkway and atrium malls and will be linked with the Convention Center via an underground passageway through Oakland's BART station.

The time phasing for this project calls for initial construction to begin in 1978, and the first phase of the project to be completed in late 1979. With the completion of the required parking facilities to support the Hong Kong USA Hotel, the developer of the project will begin immediate design and construction of the hotel. A total private investment of \$113 million is expected for the entire project, and will be realized over several years as the project is built by financiers and investors from the Far East.

City Center Regional Shopping Mall. The City Center project is a 15-square block area in downtown Oakland to provide accommodations for new office users, retail and service establishments, and a major new regional shopping center. The completion of the City Center Regional Shopping Mall is contingent upon the committal by three anchor department stores to the project. The City will build additional supporting parking structures for approximately 3,000 automobiles, and the State of California has committed itself to the rapid completion of the Grove-Shafter Freeway to provide ready access to the project.

#### C. INDUSTRIAL DEVELOPMENT

In addition to the City's commitment to the revitalization of its neighborhoods and to the central business district, Oakland must also undertake a major program to rebuild its industrial infrastructure. As was indicated in the Oakland Business Study which was published in November, 1977, the primary reason businesses are leaving Oakland is the lack of adequate land and facilities to meet demands for expansion. Oakland has very little industrial property which can be easily assembled by private industrial developers, and the costs of rehabilitation of





existing industrial buildings is, in some cases, as high or higher than the construction of new facility in suburban locations.

The consulting firm which conducted the Oakland Business Study recommended that the City develop a comprehensive program to assemble industrial property and revitalize the Coliseum Industrial Complex area, and to establish a citywide Economic Development Corporation to assist in this process throughout Oakland. These two major projects are therefore of the highest priority for the coming five years. These programs are discussed in greater detail below.

Coliseum Industrial Complex. The heart of Oakland's industrial manufacturing operations is located in an area surrounding the current Coliseum Sports Arena in Oakland's flatlands. This area was almost fully developed prior to World War II, and since then has experienced a general decline in the level of industrial investment in existing facilities.

As a result, Oakland has and is continuing to experience the out-migration of industrial firms which are seeking new facilities in suburban locations. In order to meet the industrial needs of Oakland, the City Council has already designated the areas as the "Coliseum Industrial Complex". In order to meet the expansion needs of business and industry in Oakland, the City must also develop a comprehensive strategy for this area of the city.

This program will require significant support from the federal and local governments in order to provide the resources to change conflicting land uses in the area, and to recycle vacant and under-utilized parcels for productive economic use. The total public commitment to this project should come in the form of improved rail and highway access to property in the area, the provision of street improvements, and the addition of open space in selected areas of the industrial



complex in order to improve the effectiveness of the area of new investors.

Economic Development Corporation. The Oakland Council for Economic Development (OCED) is currently developing recommendations for a city-wide Economic Development Corporation to buy, assemble, develop, market, sell and lease commercial or industrial property. This special tool for economic development has been identified as an integral part of the City's overall economic development strategy and could be capitalized through a combination of public and private commitments as well as through annual contracts with the City to promote economic development in Oakland.

The Economic Development Corporation would not be limited solely to the acquisition and development of real estate. The corporation could also serve as a fiscal agent for the direct and indirect assistance which would be given to businesses in the form of revolving loans and deposit accounts with local lending institutions. These commitments would provide reduced interest costs for expansion loans, and a reduction of risk for new investment in commercial and industrial facilities in Oakland. These programs are discussed in more detail in other sections of this report.

In order to make the new Economic Development Corporation an effective mechanism for Oakland's economic rebirth, the City and OCED can work together to target special federal grants, special bonding authority, and private contributions to capitalize the new non-profit corporation. Additional resources for this new program can also come from legislation which is currently being considered by the California legislature which would allow corporations of this type to sell "industrial revenue bonds" which are not part of the local government's bonded indebtedness. These bonds do carry special tax exemptions,





however, and thus can be sold at interest rates which are substantially lower than conventional borrowing rates. Repayment of these bonds are the responsibility of the non-profit corporation, not the local taxpayer.

In addition, OCED is conducting research into the feasibility of establishing appropriate mechanisms which can produce tax deductible contributions to the corporation from the private sector. In this way, all of Oakland's businesses and citizens can share in the financing of the City's revitalization of economic and employment opportunities.

#### D. FINANCIAL ASSISTANCE TO FIRMS

In order to provide a wide range of flexible programs of financial assistance to businesses in Oakland, I propose that the City develop four programs to assist companies expand and locate in the city. These programs include: a line of credit for small businesses, interest subsidies for firms which hire Oakland residents, a revolving fund for energy conservation related industries, and the establishment of a city-wide local development corporation to provide local match for Small Business Administration loans to expanding firms in Oakland.

Line of Credit. This program would provide risk insurance for banks which agreed to extend small, expanding businesses a special "line of credit" to allow them to expand rapidly to meet increasing market or inventory demands for their products or services. This credit capability is generally available only to larger companies whose credit worthiness is generally recognized. In order to meet



this same need of small businesses, I support the City of Oakland's establishment of a special revitalization loan program through a variety of federal grants.

Interest Subsidy Program. Business and employment expansion in Oakland is not targeted to Oakland residents. Less than half of the jobs in our city go to our citizens. It is impossible and impractical for the City to require or in anyway force Oakland businesses to hire Oakland residents. But what can be done is to provide positive incentives to growing businesses to expand in Oakland and to hire Oakland residents.

I am therefore proposing that the City design a program to provide a revolving fund to support economic growth activities and to reduce the cost of expansion loans for companies which agree to hire a greater than average proportion of Oakland residents in their firm. This program can significantly reduce the cost of business expansion, increase employment opportunities for Oakland residents, increase the number of upwardly mobile families who live in our city, and link neighborhood economic revitalization with the growth which will be taking place in our industrial and downtown revitalization programs. I am proposing that the resources of this "Oakland Economic Investment Fund" be deposited in long-term securities with participating lenders in Oakland who agree to reduce the interest cost of business expansion loans by at least 2.5%. This program, which will leverage three dollars of private investment for every dollar on deposit, would be capable of supporting substantial annual private investment in commercial and industrial expansion in Oakland.

Energy Conservation Investments. In order to stimulate private sector investment in energy efficient and energy conservation related



industries, the City of Oakland could also establish a loan fund to assist businesses expand in this area. The program will be administered similarly to the interest subsidy program previously discussed, but will be targeted exclusively to firms which produce energy efficient products or provide energy conservation related services. It is expected that this sector of the economy will become an increasingly important component for future private sector investment and by developing an aggressive program to attract expanding industries in this field, Oakland can capture more than its share of new employment opportunities in energy conservation industries.

Small Business Expansion Loans. In addition to the financial assistance which will be given through the previously discussed programs, the City should also establish a city-wide local development company to finance investment in expanding small and medium sized businesses in Oakland. This program, which is already operating in a modest form through existing Community Development Block Grant funds, should be greatly expanded to become city-wide in focus. When special targeting of resources to particular neighborhood revitalization projects is needed, then this program can be accelerated through the use of already established local development companies (as already the case in the Elmhurst neighborhood). This program will, of course, be tied closely to the Small Business Administration's 502 loan program.

#### E. BUSINESS SUPPORT PROGRAMS

In addition to the programs which I have outlined above, the City has already begun new initiatives to provide services to the private sector through Oakland's new ONE STOP Business Service. This service, which is currently administered by the Community Economic Development Program in the Manpower Department, would become an integral part of the City's new





Economic Development Department. A summary of the programs which will be included in this program area is provided below.

Early Warning System. The Early Warning System is a comprehensive information tracking system that is designed to alert the City to possible relocation by businesses in Oakland. The system will help the City take an active, rather than reactive, role in order to keep business and employment in Oakland. This program, which is administered by the ONE STOP Business Service, requires the cooperation of all City agencies, the real estate community, local business organizations, and other groups in the city.

Economic Attraction Program. The purpose of the Economic Attraction Program of the City is to improve the ability of the City to attract new private sector investment to Oakland. This program includes several components, including the development of economic projects for growth industries in the City and metropolitan area as well as promotional programs to improve the city's "image". The Investment Opportunities Task Force of the Oakland Council for Economic Development is currently developing program recommendations for this effort and to date exact budget information has not been developed for this program. It is expected that one of the major recommendations to come out of this effort will be that the City should develop a comprehensive "Oakland Profile" which can tell the Oakland story to both new and existing businesses. The Oakland Profile will become the City's new tool in improving its image to new investors.

Site Location Assistance. One of the major problems of an expanding businesses is finding room to grow. We know that this is particularly true in Oakland where there is very limited room for additional construction for new and expanding businesses. What we need to do is begin to reuse and recycle our existing facilities, and to assist the real estate



brokers in Oakland to market our industrial and commercial buildings to growing businesses. The Site Location Assistance program is not designed to replace, but rather to supplement Oakland's real estate brokers. It will help them promote our city, and to find sites in Oakland for businesses which want to locate in Oakland.

Employment and Labor Program. This program of the ONE STOP Business Service provides businesses with assistance in developing their hiring programs to increase the number of Oakland residents and CETA eligible participants who are employed in Oakland businesses. The program is voluntary, and through current employment and training programs, the City can assist businesses through "On-the-Job Training" contracts and other special training programs.

The ONE STOP Business Service will also be working with the Oakland Council for Economic Development's soon to be established "Labor-Management Task Force" to help resolve labor union and other employee related problems in Oakland. This special Task Force will include representatives of unions and business and will serve as a mediating group to help overcome problems in this area. The program will be run as a regular part of the ONE STOP Business Service at no additional cost to the City.

Permit and License Expediting Program. As an outgrowth of the "Permit and License Handbook" which was developed by the Community Economic Development Program in 1977, it is now apparent that the City needs to devote special attention to streamlining the maze of permits and licenses in Oakland. This frequently confusing, time consuming, and uncoordinated system is a source of major frustration for businesses, and represents an encumbrance upon economic expansion in our community. I am therefore requesting that one of our first priorities in 1978 be





to develop a comprehensive program to improve the permitting and licensing functions of the City.

Related Private Sector Organizations. In addition to its ongoing relationship with business clients, the ONE STOP Business Service will also provide direct liaison with private sector organizations in Oakland. These organizations include, but are not limited to, the Oakland Chamber of Commerce, the Oakland Council for Economic Development, neighborhood businesses and merchant associations, industrial organizations in the city, and other groups. This liaison effort is designed to provide easy access to the City's economic development program for business groups in Oakland, and to assist companies expand and locate in the city. This service will continue to be part of the ongoing commitment to the business community in Oakland.

The new Economic Development Department should also have the responsibility to help coordinate the City's strategies relative to economic policies which are being developed by the Association of Bay Area Governments (ABAG). In recent months, ABAG has increasingly involved itself in the development of long-term policies which will effect the economic growth of our city. The new Department should therefore carefully review the City's position relative to new environmental plans, industrial siting proposals, and other land use implications contained in ABAG's agenda for regional action.



GOALS, OBJECTIVES, POLICIES, AND STRATEGIES  
FOR ECONOMIC DEVELOPMENT IN OAKLAND

July 31, 1978

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Prepared by:

OFFICE OF ECONOMIC DEVELOPMENT AND EMPLOYMENT





## INTRODUCTION

In order to prepare an effective Overall Economic Development Program (OEDP) for Oakland, it will be essential for the OEDP Committee to carefully consider and clearly articulate a comprehensive set of economic development goals, objectives and policies. Fortunately, over the past several years, a number of goal and objective statements have been proposed by a wide range of organizations concerned with various aspects of Oakland's economic development. The purpose of this background report is to provide the OEDP Committee with a brief summary and synopsis of these existing economic development goals and objectives statements.

The following section provides a synopsis of all the statements that have been reviewed by staff, while the third section describes five of the most relevant economic development goals and objectives statements in greater detail. The last section of this report outlines a series of issues that merit further consideration by the OEDP Committee prior to finalizing a working set of goals, objectives, and policies for the Development Strategy element of the OEDP. The appendix to this report contains a bibliography of the studies, reports, and plans that have been reviewed in preparing this analysis.

## SYNOPSIS OF EXISTING GOALS AND OBJECTIVES STATEMENTS

Despite the variety of purposes for which various economic development plans and reports have been prepared over the past several years, most share common themes in terms of the overall goals for Oakland's economic development and the broad objectives for achieving those goals. Two overriding goals are generally articulated:

- 1) To provide increased job opportunities for Oakland's unemployed, underemployed, and otherwise economically disadvantaged residents (this goal is alternatively stated: to reduce the level of



unemployment in Oakland's labor force or to improve socio-economic conditions of residents), and

- 2) To strengthen the City's non-residential tax base through the stimulation of private sector investment.

Broad objectives that are often proposed to achieve these overall goals include:

- 1) the retention of existing economic activity
- 2) the attraction of new economic activity
- 3) the development of a supportive community infrastructure (public and private institutions)
- 4) increasing the productivity of Oakland's land, human resources, and plant and equipment, and
- 5) the improvement of Oakland's image as a community in which to do business.

Having postulated very broad goals and long-range objectives such as those outlined above, many of the past reports and plans then focus upon rather specific policies and short-term objectives related to program areas such as industrial development, downtown development, neighborhood commercial revitalization, etc. Often, these policies and short-term objectives are of such specificity that they border upon being actual program or project statements. The area of industrial development has received greatest attention in terms of specific, short-range objectives. In fact, several of the reports reviewed for this analysis deal almost exclusively with industrial development policies. Commonly stated industrial development policies include:

- 1) the City's primary industrial development emphasis should be on retaining existing industry,
- 2) incentives for industrial development should be offered only where benefits to the City outweigh costs,



- 3) techniques for land assembly, provision of security, and provision of financial assistance should be designed to assist industries in existing industrial areas,
- 4) an early warning system should be established to identify and assist industries contemplating a move from Oakland,
- 5) sensitivity to industrial expansion needs must be displayed in considering rezoning and land use policy for mixed-use industrial areas, and
- 6) mechanisms for improving the delivery of economic development services to existing industries should be developed (reorganization of City functions, establishment of an economic development corporation, etc.)

It is interesting to note that, with a few laudable exceptions, less effort has been devoted to articulating specific policies and short-term objectives for other important sectors of Oakland's economy such as: transportation and distribution activities, cultural and tourist activities, neighborhood commercial development, certain Central District functions, the medical and educational sectors, etc.

#### SUMMARY OF SELECTED DOCUMENTS

This section provides a more detailed discussion of the goals, objectives, policies and strategies contained in five key documents: 1) the Proposed Economic Element of the Oakland Comprehensive Plan, 2) the Fourth Year Community Development Block Grant Application, 3) Mayor Lionel J. Wilson's Proposed Five Year Economic Development Program, 4) the Economic Development Plan that led to the formation of the Oakland Council for Economic Development, and 5) the draft Overall Economic Development Plan of the Spanish Speaking Unity Council (SSUC). These documents have been selected for extended treatment either because they represent very comprehensive goal and objective statements or because they have received considerable public attention. The exclusion of other documents (see the bibliography in the appendix of this report) is not intended to minimize





their contributions in the area of articulating goals and objectives for economic development in Oakland.

Proposed Economic Element. The second draft of this document was prepared by the City Planning Department in November 1977. The earlier draft was extensively reviewed by a wide-range of interest groups and, while final adoption of the document has not occurred, it represents probably the singlemost comprehensive current statement of economic development goals and objectives for consideration by the OEDP Committee. (The Proposed Economic Element has been transmitted in its entirety for review by Committee members. Chapter 4 deals specifically with "Goals, Strategies, Policies, and Decision Guidelines.")

The four goals of the Proposed Economic Element are:

- 1) to reduce the level of unemployment in Oakland's labor force, particularly among the city's hardcore unemployed,
- 2) to strengthen the city's non-residential tax base,
- 3) to provide equal opportunity for the full participation in the city's economic activities by all Oakland residents, especially those excluded due to race or institutional factors, and
- 4) to advance Oakland's position as a regional center of commerce, industry, recreation, and culture.

To achieve these goals, the Proposed Economic Element outlines two sets of policies, one related to economic development issues and the other to jobs and employment issues. The economic development policies are, in turn, divided into three components: 1) general considerations, 2) industrial development, and 3) commercial development. Salient policies in each of these areas can be summarized as follows:

General Considerations: emphasis should be on retention and expansion of existing firms; attraction efforts will focus on activities for which Oakland has a competitive advantage; efforts will be undertaken to



preserve and enhance Oakland's locational advantages and to minimize its disadvantages; policies will be carried out in close cooperation with the private sector; substantial public assistance will be provided only to firms that will yield greater benefits to Oakland than the cost of assistance; priority assistance will be given to firms which are economically viable and which provide a high proportion of low-skill entry level jobs; tools such as technical assistance, provision of land, and financial assistance will be used as appropriate; before instituting new taxes, the impacts on business will be considered; economic development in Oakland should be compatible with protecting environmental quality.

Industrial Development: large scale industrial urban renewal projects will be undertaken only if they make sense in cost/benefit terms, and if there is general agreement among those neighborhood residents to be affected; industrial building rehabilitation will be financially assisted by the City "when appropriate"; the City will work to improve security and safety in industrial areas; within the City's "industrial belt", emphasis will be on more intensive use of vacant, underused and derelict land; industrial complexes, with attractive site planning and landscaping, will be promoted to attract high-quality industrial development; small industries in residential areas will be encouraged, and where feasible, assisted in relocating in the industrial belt; efforts will be made to improve the compatibility of industrial and non-industrial uses in mixed-use areas.

Commercial Development: the Central District will continue to be emphasized and strengthened as the East Bay's dominant commercial and civic center; further office development and higher utilization of existing office space in the Central District will be promoted; the City should





have a clear structure of several subordinate levels of commercial areas, and the scale and functions of these centers should be planned and controlled so as to complement, rather than weaken, the Central District's functions; the size and design of shopping centers should be determined by pedestrian convenience; merchant groups are encouraged to initiate improvement programs to make their centers more attractive and efficient; publicly-assisted commercial redevelopment projects will be undertaken only at selected strategic locations within areas where there are deteriorating and underutilized structures and land, where sales are decreasing or stagnant, and where the market area has sales potential to support the project activities.

The jobs and employment section contains similarly detailed policies related to manpower training and equal opportunity. For interested Committee members these policies are stated on pages 38-40 of the Proposed Economic Element.

Fourth Year Community Development Application. Since the Community Development Block Grant (CDBG) Program is a prime source of economic development resources, the goals and objectives outlined in the fourth year funding application should be of particular interest to the OEDP Committee. The Fourth Year CDBG Application, approved by City Council in late 1977, covers CDBG activities for the period July 1978-June 1979. The application states three goals related to economic development:

- 1) to provide more jobs for Oakland residents and to expand Oakland's industrial base as a source of employment and local tax revenues,
- 2) to make Oakland's commercial areas more attractive and better able to serve the needs of Oakland's residents, and
- 3) to develop a bonding capacity to assist Oakland's small and minority contractors.



These overall goals would be implemented through a series of long- and short-term objectives such as: coordination of existing organizations in their promotional efforts to attract new commercial and industrial development; assistance to industries and commercial establishment in rehabilitation, on-site expansion, or acquisition of new sites, using the urban renewal process where appropriate; assistance in the conversion of vacant industrial and commercial buildings to new uses; implementation of commercial revitalization programs in each of the seven CD Districts that would involve working with merchants association, assisting in rehabilitation of commercial structures, and provision of technical assistance services; and establishment of a fund to enable Oakland's small and minority contractors to obtain performance bonds.

Economic Development Plan (leading to OCED formation). This document, prepared in summer 1976 by an Ad-Hoc Steering Committee chaired by then Mayor John H. Reading and the President of Kaiser Industries, is significant since it served as a guiding plan for the formation of the Oakland Council for Economic Development (OCED) and for the City's Community Economic Development Program (CEDP). The Plan was based on three critical goals articulated by the Mayor, City Council, and other civic and business leaders of the City:

- 1) retention of existing industry,
- 2) attraction of new industry, and
- 3) development of a supportive community infrastructure.

Particular priority was given to the first goal.

The Plan outlined four long-term objectives to meet these goals:

- 1) the completion of City Center and related developments,
- 2) the establishment of an effective land acquisition and assembly program to assist new or expanding industries,
- 3) the creation of programs to provide direct and indirect financial subsidy to assist business expansion and attraction, and



- 4) development of the total community (and the community image) in order that an environment supportive of economic growth is created and fostered.

Mayor Lionel J. Wilson's Proposed Five Year Economic Development Strategy.

This document was submitted to City Council in February, 1978, at the time that the reorganization of economic development activities within city government was being considered. The proposal is an action-oriented implementation and budget strategy for economic development activities over the coming five years, rather than an explicit statement of broad goals and objectives. Implicit in the document are a series of long and short-term objectives related to the following program areas: neighborhood commercial revitalization, downtown revitalization, industrial development, financial assistance to firms, and business support services.

In the area of commercial revitalization, the proposed strategy calls for the preparation of reliable economic profiles of the city's commercial areas, extensive rehabilitation of public and private facilities in targeted commercial districts, provision of loans and loan guarantees, and provision of technical and management assistance to neighborhood commercial establishments. The downtown revitalization objectives deal with completion of four major projects: the City Center Regional Shopping Center, Hong Kong/USA, Victorian Row, and the City Center Hotel/Convention Center. In the area of industrial development, the proposed strategy emphasis revitalization of the Coliseum Industrial Complex and the establishment of a citywide economic development corporation to buy, assemble, develop, and market commercial and industrial property. The objectives of the proposed strategy in the areas of financial assistance and business services are similar to many of the policies outlined in other documents described in this report.

(Mayor Wilson's Proposed Strategy has been provided in its entirety as part of the agenda packet for OEDP Committee members.)





Spanish Speaking Unity Council Draft Overall Economic Development Plan:

1978-83. This recently completed document (July, 1978) is particularly relevant in that it offers a comprehensive statement of goals and objectives from the perspective of a community-based, rather than citywide, organization. The OEDP states a long-term goal of improving the socio-economic condition of the Spanish Speaking and other underprivileged communities through the improvement of the socio-economic environment and condition in Oakland. The primary objective for achieving this goal involves the revitalization of the economic, physical, and social environment of Oakland (especially East Oakland) through increased investment activity. The OEDP then defines specific strategies and objectives within four development components: economic development, physical development, social development, and Unity Council development.

Economic development objectives of the Unity Council's OEDP include: expansion of mortgage and home improvement loan availability through investment in and control of financial institutions, retention of existing business and attraction of new business through direct equity investments, provision of business development counselling and technical assistance; and development of partnerships with public and private sector interests concerned with business development in East Oakland.

Physical development objectives include: the development of land acquisition and industrial development opportunities for the Unity Council to participate in; development of physical improvements to improve the esthetic and economic attractiveness of the community; increasing the supply of housing for low income and elderly residents; and development of a housing rehabilitation program to provide low cost rental units to residents. Social development objectives focus upon employment training for community residents, including development of pre-employment work habits, expansion of skills training, and



expansion of youth employment programs. A final objective is of particular interest: "to advocate and plan for an integrated approach to community development which will combine diverse educational, health, economic, and physical development programs into a comprehensive family and community development process."

#### ISSUES FOR FURTHER CONSIDERATION

It is hoped that this report has conveyed an understanding that much solid thinking has taken place regarding goals, objectives, and policies for economic development in Oakland. The OEDP Committee should be able to take great advantage of this thinking in formulating the Development Strategy element of the OEDP document.

However, there are also a series of issues related to goals and objectives that appear not to have been fully addressed in past documents, or that merit the fresh perspective of the OEDP Committee. Some of these issues are outlined below in hopes of stimulating further discussion and decisions by the Committee.

Dealing with Structural Unemployment. As noted, a universal goal of past documents has been to provide additional job opportunities for unemployed Oakland residents. Many of these documents have also cited structural unemployment--the mismatch between resident skill levels and the skill requirements of available jobs caused by a changing economic structure--as a crucial impediment to achieving this goal. Yet most of these documents have proceeded to define traditional economic development policies (attraction and retention of business, etc.) to solve the structural unemployment problem.

There is some indication that traditional economic development solutions will not be adequate given the magnitude and nature of the unemployment problem in Oakland. Complementary solutions may need to be devised involving 1) innovative linkages between traditional economic development programs and employment





training efforts, 2) changes in the nature of basic educational programs, 3) methods for making jobs in other parts of the Bay Area more accessible to Oakland residents, 4) approaches for combatting existing employment discrimination, and 5) other acceptable approaches for maintaining adequate household income in the face of persistent unemployment. It would, of course, prove impossible for a single policy statement to encompass all these kinds of solutions, but the OEDP Committee might wish to give some rudimentary thought to the types of traditional and non-traditional responses it will develop to the problem of structural unemployment.

Relation of Economic Development to Overall Community Development: Again with a few laudable exceptions, many of these documents reviewed for this report have seen economic development as an independent focus of concern, rather than as an integral component of an overall or "holistic" program for community development. Yet, in practice, economic development policies and programs have a clear impact on the overall quality of the City and its neighborhoods, just as efforts to enhance the social and physical environment of the community have a tremendous impact on the level and growth of economic activity. Consequently, it would seem appropriate for the OEDP Committee to consider economic development goals and objectives in the broad context of overall community and City development, and to design linkages between traditional economic development activities (of the sort typically contained in an OEDP) and other activities aimed at improving the physical and social environment of the community.

Private Sector and Community Involvement: Most available goal and objective statements stress the need to involve and work through the private sector to maximize the impact of economic development programs. In turn, most programs proposed in past documents involve techniques for affecting the decisions of traditional components of the American economic system (such as the location decisions of existing manufacturers and suppliers, the resource allocation



decisions of existing financial institutions, and the development decisions of the traditional real estate market).

However, a few of the documents reviewed in this analysis have suggested a second approach to economic development, one stressing the objective of building capacity among current non-participants in the system to become controllers of production, financial and land resources as well. Programs to build viable community development corporations and community-based local development corporations are a reflection of this approach to economic development.

Both these approaches appear to have considerable merit in the Oakland context. The issue of balancing these approaches and designing them to complement each other has arisen explicitly or implicitly in a number of recent economic development forums. This issue might merit further attention by the Committee in considering the goals and objectives of Oakland's OEDP.

A Vision of Local Economic Growth and Change. Finally, it will be essential for the Committee to clearly formulate a vision of 1) what Oakland's economy should be like in five years and beyond, 2) what role the various sectors of the local economy should play in that future, and 3) what sequence of public and private actions must be fostered to make that future come to fruition. With some fine exceptions, many of the documents reviewed in this analysis fail to convey such a vision or understanding of the City's economic future. Instead, they seem to jump from broad abstract goals and objectives to very specific programs and policies, without that critical connecting link--a sense of how local economy will and should evolve--to give guidance in terms of the relative importance and priority that every proposed activity should have in an overall strategy. The result in many of these documents has been that they offer a laundry list of solutions and projects, without any real sense of direction, priorities, or inter-relationships.



Many issues might be evaluated in formulating a vision of economic growth and change. First, since many and perhaps most economic decisions are beyond the realm of local intervention, it is necessary to have a clear understanding of the national, state and regional economic trends that will have a substantial impact on Oakland's economic future. The Proposed Economic Element provides a particularly thorough assessment of these trends and their implications for Oakland, although fresh thinking on this issue may be warranted.

Many local economic development strategies are simply an effort to latch onto natural economic tendencies. However, a major premise of the OEDP process is that, through strategic use of local public and private resources, the local economy can be positively impacted. Through an effective OEDP, it may be possible to mold a local economy that, while respecting and adapting to major economic tendencies, is tailored to the unique needs and desires of the community. In this context, a proper vision of Oakland's economic future must address not only the question of what will the economy probably look like (given outside forces), but also the question of what should the economy be like. It is in answering the latter question that the goals and objectives formulated by the OEDP Committee will be particularly useful.

In summary, both external economic factors and local goals and objectives must be synthesized to form a vision of Oakland's economic future, a vision that would clearly address issues like:

- o What new technology industries might Oakland compete for through aggressive and timely actions? Which of these industries will provide particular benefit for Oakland residents and support spin-off activities in the local market?
- o What is the importance of neighborhood commercial revitalization to overall neighborhood vitality and to the essential vitality of Oakland as a whole?





- o What is an appropriate role for downtown Oakland in the East Bay retail and office market? In what office and service sectors should Oakland seek to capture the spill-over of activities generated in downtown San Francisco? In what areas can Oakland compete directly with the San Francisco CBD function?
- o What is the appropriate function of cultural, recreational, and tourism activities in the City's economic future?
- o To what extent can and should Oakland's advantage in the medical and educational sectors be fostered and enhanced? How?
- o How can Oakland build upon its strength as a transportation and distribution center to complement other sectors of the economy and to trigger further growth?



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